

Accessible Text File
Government Contracting 101 – PART 3
How to Sell to the Government
March 2015
Revised

Slide 1 Government Contracting 101 Part3

Welcome to SBA's training program, Government Contracting 101, Part 3 – How to Sell to the Government.

Slide 2 Introduction

This training module is designed to help small businesses participate in, and take advantage of, government contracting opportunities.

There are three parts to the GC 101 training series. This part, part three, specifically discusses how to sell goods and services to the government.

Parts one and two provide clarity and training around government contracting and certifications programs and how the government buys goods and

Slide 3 Learning Objectives

After reviewing this training program you should:

1. Have a better understanding about government contracting programs.
2. Know how to sell goods and services to the government.
3. Know where to find additional contracting resources.

Slide 4 How to sell to the government

How to sell to the government

Slide 5 Selling to the Federal Government

A small business wanting to participate in federal government contract opportunities should engage in several foundational steps.

These steps include: define products and services; register in the CCR; develop a winning CCR profile; prepare a quality capability statement; market directly to agencies; find contract opportunities; subscribe to bid matching services; use procurement vehicles; and, engage a mentor or partner.

Each of these foundational steps is discussed in the following slides.

Slide 6 Define Products and Services

Government agencies use the North American Industry Classification System, more commonly referred to as a NAICS code, to identify products and services by industry type. A NAICS code, or codes, identifies the products and services a company supplies. The NAICS code is a six digit number that describes a particular product or service a company supplies. A firm can have multiple NAICS codes.

NAICS codes do not uniquely identify the business. The Federal government uses D-U-N-S numbers, provided by Dun & Bradstreet, to identify prospective vendors.

You can find the NAICS codes for your products and services by clicking on the referenced hyperlink. It is also important to note that you can use your NAICS code or codes to conduct online searches at the Websites of numerous federal agencies to learn what they are buying.

To participate in contract opportunities within the Department of Defense (DOD), a firm will also need to know its Federal Supply Group or Class code.

The hyperlinks provided can be used by a firm to identify appropriate NAICS codes, obtain a D-U-N-S number, and identify its appropriate Federal Supply Group. It is important that a firm properly define its products and services.

Slide 7 Register in SAM

The System for Award Management, more commonly known as SAM, is the primary source for agencies to learn about prospective vendors.

SAM is a government-maintained free database of companies wanting to do business with the government. This database is a marketing tool for businesses and a searchable list of prospective vendors for the government.

A firm must register in the SAM system to participate as a seller in the federal space. Further, a firm's profile in SAM must be updated at least once every 12 months – for the profile to stay active.

Completing an accurate and appealing small business profile in the government's SAM system is an important, foundational step in marketing your goods and services to the federal government.

Slide 8 Develop a Winning SAM Profile

Registering in the SAM system is an important marketing tool for your 8(a) firm.

As such, you should learn as much as possible about the SAM system. That includes accessing the SAM site and performing multiple searches, as if you were looking to hire a firm similar to your own business. Review profiles of businesses in similar areas of expertise and use them as a guides when developing your own business profile.

Also, treat your SAM and Dynamic Small Business Profile as your business resume. And, as with any resume, it should be regularly reviewed, updated and strengthened.

Finally, get feedback. This is critical. When you talk with contracting officers, mentors and other procurement professionals ask them for a candid appraisal of your SAM profile. This information should be used to make necessary adjustments.

Slide 9 Prepare a Quality Capability Statement

A business should prepare and maintain a comprehensive Capability Statement that clearly outlines its management, technical and business strengths. This is important. Such a statement should include specific capabilities and skills, past performance history, awards and commendations, and resumes of key management personnel.

As with your SAM profile, you should seek regular feedback on your capability statement and refine and update it accordingly. This is important

Slide 10 Market Directly to Agencies

A firm should understand that there are differences between selling to the government and selling to the private sector.

However, good marketing is key. You should learn what agencies or prime contractors have a need for and then clearly demonstrate – to appropriate agencies or prime contractors -- how your business can fill specific needs and add value.

In addition, you should participate in procurement related conferences, activities and matchmaking events. These activities will help you become known to contract “players” and to be a participant in the procurement arena.

Finally, visit your local SBA district office Website. At that site, by clicking on events – you can learn about training and networking opportunities.

Slide 11 Use Procurement Vehicles

In Part 2 of the Government Contracting 101 series, we learned about consolidated purchasing programs. Under such programs, the Federal government tries to benefit from economies of scale and make it easier for vendors to sell to the government by establishing Multiple Award Schedules.

These schedules are often referred to as procurement vehicles. Two examples of this type of contracting include General Services Administration (GSA) Schedules and Government Wide Acquisition Contracts or (GWACs). Under the GSA Schedule, GSA negotiates prices and terms with prospective vendors and enters into an agreement with those vendors. Under the agreement, participating government agencies can purchase products and services from a schedule of prospective vendors, according to prices and terms already agreed to by the vendors.

Procurement vehicles can be valuable tools for small businesses to gain access to contract opportunities.

Slide 12 Find Contract Opportunities

It is impossible for a small business to sell its products or services to the government, if it doesn't know which agencies are buying, what their needs are and when they need it.

To market or advertise contract opportunities to the public, the federal government operates a robust, online service called Federal Business Opportunities, but more commonly known as FBO or FedBizOpps. This single entry, government-wide Website profiles available business opportunities and is one of the most powerful tools available to help you become successful in government contracting. The online tool identifies contract opportunities over \$25,000.00.

Firms can also view past awarded contracts in the FBO – which may help you with preparing future proposals or bids.

The FBO is a very powerful tool. It is important that your business understands how to fully use all aspects of this tool. The referenced hyperlinks are very helpful.

Slide 13 Find Subcontract Opportunities

An alternative to seeking prime contracts is to explore subcontracting opportunities.

Subcontracting with a prime contractor can be a profitable experience as well as a growth opportunity for a business. If, after assessing the capabilities and capacity of your business, you concludes that you are not ready to bid competitively for prime contracts, you should consider opportunities available through subcontracting.

To help small businesses find opportunities, SBA maintains, SUB-Net, a searchable database of available subcontract opportunities.

Slide 14 Subscribe to Bid-Matching Services

To help find contract opportunities, some companies subscribe to bid-matching services. Such services provide leads on prospective contract opportunities that match a business's qualifications. Such services do much of the work associated with finding contract opportunities, but the business still has to prepare the bid and win the contract.

A small business can subscribe to a free bid-matching service through its local Procurement Technical Assistance Center. Other bid-matching services are also available.

Slide 15 Network – Learn from the Wisdom of Others

If there is one message that is consistent throughout this presentation, it is knowledge is everything. You don't know what you don't know. A business can waste a lot of time and expend unnecessary resources if it doesn't understand how to play in the federal contracting arena.

Learn from the wisdom of others. Others, who have seasoned knowledge and experience in federal contracting. Network, ask questions and cultivate relationships.

Engage knowledgeable people who can help guide you through the challenging aspects of trying to win federal contracts.

Slide 16 Proposal Preparation

Proposal preparation.

Slide 17 Types of Solicitations

As we have noted in this and other training modules, government contracting is big business with thousands of contracts -- in hundreds of billions of dollars -- being executed by the federal government each year.

The bid packages used by the government usually contain a set of documents to which a bidder develops a responsive proposal. Such solicitations typically come in three primary formats or types: Request for Quote (RFQ); Request for Proposal (RFP); and Invitation for Bid (IFB). Each of these solicitation types, as well as some of the key forms required by the government are discussed in the following slides.

As a helpful activity, go to the government's FBO website and download a sampling of RFQs, RFPs and IFBs -- to familiarize yourself with their overall organization and format.

Slide 18 Solicitation Numbers

To better understand the types of solicitations, let's first look at the government's numbering system.

Each solicitation issued by the government is assigned a number. The number tells much about the solicitation. The first six digits identify the buying facility. The second two digits indicate the fiscal year the contract will be executed in. The alpha character defines the type of solicitation -- which is both revealing and important. The R character -- shown here -- indicates a request for proposal. The last four digits represent the order number.

The alpha code is further explained in the next slide.

Slide 19 About the Alpha Character

The alpha character or code used in the numbering system is important to understand. Different letters mean different things.

For instance, R is for request for proposal, M is purchase order, C is contract of all types, I is for sealed bid, J is reserved, T is for a request for quote under \$25K, and Q is for a request for quote under \$150k.

Slide 20 Request for Quotation (RFQ)

A Request for Quotation or RFQ is the type of solicitation used by the government to obtain information and quotations, but the responses are not considered offers. This solicitation type is typically used when the estimated value of the government's need is expected to be under \$150,000 and simplified acquisition procedures will apply. An RFQ, however may also be used in some circumstances where the estimate value of the government's need exceeds the simplified acquisition threshold.

An RFQ bid package typically includes Standard Form 18.

Slide 21 Request for Proposal (RFP)

Request for Proposals or RFPs are used in negotiated acquisitions to communicate government requirements to prospective contractors and to solicit proposals.

RFPs for competitive acquisitions will, at a minimum, describe the government's requirements, anticipated terms and conditions that will apply, information required to be in the offeror's proposal, and factors that will be used to evaluate the proposal. An RFP will result in a negotiated contract.

An RFP bid package typically includes Standard Form 33 or Standard Form 1447. It is important to note that some procurement systems, such as GSA's eBuy – offer a fully electronic RFQ/RFP system.

If you are unsure of any provision within an RFP -- ask the contracting officer for an explanation.

Slide 22 Invitation for Bid (IFB)

An Invitation for Bid or IFB is often referred to as a sealed bid solicitation. There are typically no discussions or negotiations with the government buying office and the bid package – when issued -- is considered complete for bidding purposes. Among qualified bidders, price is considered the key consideration by the government in awarding the contract.

Responsiveness to the solicitation's terms and conditions are key to a successful bid. Be sure to complete your bid package in accordance with the instructions. Non-responsive bids will be eliminated from consideration.

An IFB bid package typically includes Standard Form 33 or Standard Form 1447.

Slide 23 Uniform Contract Format

For most RFPs and IFBs, where simplified acquisition procedures are NOT applied, the government requires the use of a uniform contract format. This format is described in the noted FAR references and contains four parts and multiple sections.

Part I contains section A which includes the use of Standard Form 33, Standard Form 26 or Standard Form 1447. In some circumstances it may also include SF 18 – which is a Request for Quotations. Sections B – H include a list of supplies and services to be acquired, the statement of work, packaging requirements, inspection and acceptance specifics, delivery and performance requirements, and any special provisions.

Some of the provisions may only be incorporated by reference. However, you should go to the FAR to read those provisions to avoid any unpleasant surprises later on. Be sure you understand what you will be expected to do if you receive the contract award.

Slide 24 Uniform Contract Format (cont)

Part II, section I, contains the clauses required by law or the FAR that govern the specific contract.

Part III, section J, contains a list of all attachments applicable to the contract. And, Part IV, sections K–M include information about representations and certifications – such as 8(a) certifications – required of offerors, instructions, conditions and notices to offerors, and importantly, section M outlines the evaluation factors that will be used to evaluate the award.

It is important to note ----- contract solicitations for bids estimated to be below the simplified acquisition threshold or \$150,000 will use a streamlined contract format and may or may not use some of the parts and sections outlined in the uniform contract format.

Slide 25 A Closer Look at Key Standard Forms

Let's take a closer look at the specific government standard forms and when they are used.

Slide 26 Standard Form 33

Standard Form 33, Solicitation, Offer and Award is the solicitation/contract form used by the federal government, not only to solicit orders, but also to award a contract.

It is a bilateral document, such that the bidder signs the document and submits it to the government. Then, upon acceptance of the bid, the government signs the same document and a binding contract is established.

This form is used for either sealed bids or negotiated contracts valued at \$150,000 or more.

Slide 27 Standard Form 1449

Except in circumstances where an electronic solicitation is used, Standard Form 1449, Solicitation/Contract/Order for Commercial Items is the form used by the government to buy commercial items that are estimated to have a value of less than \$150,000 and simplified acquisition procedures will be applied.

Slide 28 Standard Form 1447

Standard Form 1447, Solicitation/Contract is used in connection with negotiated acquisitions when simplified acquisition procedures will apply. It may also be used in lieu of Standard Form 26 or Standard Form 33.

Slide 29 Standard Form 18

Standard Form 18, Request for Quotation is the form used by the government – when quotations are not solicited electronically -- to obtain information and quotations, but the responses are not considered offers. An RFQ package is typically used when the estimated contract value is less than \$150,000 and simplified acquisition procedures will be applied. Importantly, an RFQ may also be used for quotation requests that have an estimated value above \$150,000.

Standard Form 26 is sometimes used to award a contract resulting from the use of Standard Form 18.

Slide 30 Standard Form 26

Standard Form 26, Award/Contract is the form used by the federal government to award a contract, usually as a result of a *Request for Quotation*.

In general, this form is similar to Standard Form 33, although it requires additional certification information.

Slide 31 How to Write the Proposal

Just thinking about responding to a government RFP or solicitation can be stressful. Writing the proposal, well that can make you even more anxious.

It doesn't have to be that way. Preparing a response to a government procurement request or invitation is an important task, not necessarily a daunting one. It should be approached with diligence and professionalism.

Writing a successful proposal is about doing your homework, preparing and responding clearly and appropriately, aligning your proposal with the government's needs and articulating what makes you the best solution provider. These elements are critical to successful proposal writing.

Slide 32 Review the Solicitation and Rules

Preparation is key...

If you are going to respond to a government RFP or other type of procurement request, you must be prepared, or you will likely just be wasting your time.

Carefully read the solicitation, including all applicable schedules, clauses and attachments. This is important. The solicitation is designed to provide prospective bidders with all of the information needed to write a successful proposal. The agency that prepared the solicitation expects you to read and follow it carefully.

Also, make sure you review and understand the regulations (FAR Parts) governing the specific type of solicitation you plan to respond to. Some of the regulatory references relevant to the solicitation and proposal process are highlighted in this slide. If possible, assemble a team to review and prepare the proposal.

Keep in mind, these are only some references. Other regulatory or policy guidance may be applicable to the specific procurement you are considering. Talk with your BOS, PTAC or a contracting officer for more assistance. Some PTACs and SBDCs offer training on how to prepare and submit proposals. Consider taking such training.

Slide 33 Prepare and Respond Appropriately

Responding appropriately to a solicitation follows from reading and understanding the government's request. Solicitations are usually very specific and follow a uniform contract format. It is important that you respond, as you are asked – answering all questions, providing all information and following all schedules in the order, time-frame and structure requested. Eliminate any guesswork by ensuring that each response is appropriately identified so the reviewer can readily recognize the section of the RFP which is being addressed.

This may sound like common sense and it is. But, you would be surprised to learn how many proposals submitted to the government that are received after the due-date and that do not respond to what was asked for, or requested. Responding appropriately is important!

Slide 34 Align Proposal with the Government's Needs

A good proposal will clearly articulate how the bidder can solve the problem or fill the need outlined in the government's solicitation. This again, follows from understanding the nature of the procurement request.

Understanding the government's need is important. Even more important, however is how your firm plans to execute or deliver an appropriate solution. It is, after all about convincing a government review panel that your proposal solves a specific problem or need and is the best fit.

A proposal may look good and read well, but if it is not clearly aligned with fulfilling the government's needs, it will likely fall behind other more substantive, solution focused proposals.

Don't get caught up in telling a great story about your company, focusing too much on "we can do the work." What really matters is substantiating how you can do the specific work that is needed.

Slide 35 Articulate What Makes You the Best Solution

A typical government solicitation requires the bidder to provide a great deal of information. The key is pulling it all together in a proposal package that clearly describes why your company offers the best solution and is the best fit to perform the work. Think capture management..... There is no magic bullet. It comes down to doing a lot of things right.

It's about: understanding the solicitation and responding appropriately; clearly demonstrating how your firm can best fulfill the government's need; offering pricing that is fair and competitive; making sure your proposal is well-written and error free; showing evidence of success through past performance; and finally, interweaving an amazing story throughout all parts of the proposal, including the executive summary – that makes a compelling case for your firm as the best solution.

Slide 36 What to Avoid

Sometimes learning from others provides the best lessons.

With regards to solid proposal preparation, some key things to avoid include: not fully understanding the solicitation and governing regulations; submitting an incomplete or late submission; not providing specificity or focus; highlighting too much fluff and not enough substance, not understanding best value considerations; unrealistic pricing; failure to address evaluation factors; and errors in the submission.

If you aren't selected for a contract, consider asking for a debriefing to learn where you may have gone wrong and what you can do to improve your future proposals. Done in a professional manner, this can be a way to show contracting staff of your willingness to improve and to be more responsive to the government's needs.

Slide 37 Cost and Pricing

Cost and pricing.

Slide 38 Introduction to Contract Pricing

Contract pricing is an important aspect of procurement and a particularly important component in developing a strategy to win federal contracts. There are two sides to this issue.

First, the government's perspective. Federal contracting officers are responsible for ensuring that government agencies purchase supplies and services from responsible sources at fair and reasonable prices. As such and to accomplish this, most contracting officers and agency buyers conduct considerable market research to better understand markets and pricing.

A contractor will likely have a related, but different perspective. An 8(a) firm, or any company for that matter wanting to do business with the government is responsible for developing a contract pricing strategy that is reasonable, competitive, but profitable. The typical contract

bidder wants to make as much as possible in profit, but at the same time be competitive and win the bid. As such, with contracting officers doing considerable market research and a high number of firms competing for federal contracts, pricing is an important variable. A variable that can make or break your success in federal contract markets.

Slide 39 Negotiated Contracts vs. Sealed Bid Contracts

As discussed earlier, there are two fundamental contract categories: negotiated contracts and sealed bid contracts. The distinction between the two is important.

The FAR states that any contract awarded using other than sealed bidding procedures is considered a negotiated contract. Procedures for contracting by sealed bidding require the government to evaluate bids without discussions and award to the responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the government considering only price and price related factors. Negotiations are not permitted prior to the contract award.

Procedures for contracting by negotiation permit negotiations prior to contract award. However, a solicitation under procedures for contracting by negotiation may or may not actually include negotiations. For example, the instructions to offerors may include the provision, the "Government intends to evaluate proposals and award without discussions." When that provision is used, actual negotiations are not permitted unless the contracting officer determines in writing that they are necessary.

The pricing you propose in response to a government solicitation will be influenced by your ability to negotiate or not negotiate.

Slide 40 Regulatory Guidance

How you analyze your costs and price your proposal is primarily up to you, as long as you follow applicable government rules and guidelines.

Federal rules for negotiated and sealed bid contracts and contracts that follow simplified acquisition procedures are outlined in FAR parts, 15, 14 and 13, respectively. Also, highlighted in the slide are FAR subparts that are pricing related.

It is important to note, in addition to FAR guidance, other agency pricing guidelines or policies may also apply for specific contracts.

Slide 41 Pricing Approach

The pricing approach used by bidders for products and services being procured, besides following specific contract rules, is pretty typical, but unique to the business doing the pricing. That is, individual business costs and other considerations are factored into pricing formulas that are typical or generally used.

For instance, with regards to product pricing, a firm would typically consider and add material costs, plus labor costs, plus estimated overhead expenses, plus a profit margin to arrive at a price it would propose or charge for the product being delivered.

Regarding the pricing of a service, a firm would typically consider and add estimated hourly overhead expenses, plus hourly wages, plus a profit margin to arrive at a price it would propose or charge.

It is important to point out, that some government solicitations and contracts are very unique regarding costs and pricing and specific cost and pricing requirements may apply. Carefully review all government requirements.

Slide 42 Important Pricing Considerations

Contract pricing is a critical component in developing a strategy to win federal contracts. A successful pricing strategy will: learn from past contracts; consider all costs -- even special requirements; factor best value considerations; include bidding costs; and, importantly allow for sufficient overhead expenses and profit.

If a solicitation is using a 'best value' approach, the contracting officer may not make an award to the offeror providing the lowest price, rather an award will be made to that offeror who is providing the government with an approach that best meets the government's needs. While price is always a consideration, in a best value scenario it doesn't have to be the primary consideration.

Slide 43 Resources and Tools

Resources and tools.

Slide 44 Resources and Tools

Information is power. Numerous resources are available to help you better understand government contracting programs.

Slide 45 Resources and Tools

Learn from these resources and use them as tools.

Slide 46 Contact Us...

Thank you for participating in Part 3, of the GC 101 training program. Much information was covered and we hope it was helpful.

Please also review parts 1 and 2, which provide clarity and training around government contracting and SBA's certification programs, and, how the government buys goods and services.

Also, consider viewing other training modules in SBA's online Government Contracting Classroom.

Thank you.

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